TOWN OF BLUEJACKET, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



TOWN OF BLUEJACKET, OKLAHOMA ANNUAL FINANCIAL STATEMENTS AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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TOWN OF BLUEJACKET, OKLAHOMA LIST OF TOWN OFFICIALS June 30, 2022

City Council

Mayor Chuck North

Council Member Lee Bluejacket

Council Member Morris Bluejackt

<u>Clerk</u>

Sheila Brigstock



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council Town of Bluejacket, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bluejacket, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bluejacket, Oklahoma's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bluejacket, Oklahoma, as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bluejacket, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

To the Mayor and Town Council Town of Bluejacket, Oklahoma Page 2

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bluejacket, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bluejacket, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bluejacket, Oklahoma's basic financial statements. The statement of revenues collected, expenditures paid and changes in fund balance – budget and actual and schedule of federal and state financial assistance is presented for purposes of additional analysis, and is not a required part of the financial statements.

The statement of revenues collected, expenditures paid and changes in fund balance – budget and actual and schedule of state financial assistance is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting, and other, records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of revenues collected, expenditures paid and changes in fund balance – budget and actual and the schedule of state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1C.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 202, on our consideration of the Town of Bluejacket, Oklahoma's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Town of Bluejacket, Oklahoma's internal control over financial reporting and compliance.

To the Mayor and Town Council Town of Bluejacket, Oklahoma Page 3

OBER & LITTLEFIELD, CPAS, PLLC

Obert Littlefield, PLLC.

Miami, Oklahoma May 18, 2023

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements, as required by the GASB. The sets of statements include:

- Government-wide financial statements Modified Cash Basis
- Fund financial statements:
 - Governmental funds Modified Cash Basis
 - Proprietary (enterprise) fund Modified Cash Basis

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Town of Bluejacket, Oklahoma Statement of Net Position – Modified Cash Basis June 30, 2022

	Primary Government			
	Governmental	_		
	Activities	Activities	Totals	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 107,136.81	\$ 107,547.24	\$ 214,684.05	
Total Current Assets	107,136.81	107,547.24	214,684.05	
Non-Current Assets:				
Restricted Assets:				
Cash and cash equivalents	-	216,289.17	216,289.17	
Capital Assets:				
Capital Assets, net of accumulated depreciation	2,010.00	775,136.20	777,146.20	
Total Non-Current Assets	2,010.00	991,425.37	993,435.37	
Total ASSETS	109,146.81	1,098,972.61	1,208,119.42	
LIABILITIES				
Current Liabilities:				
Current portion of leases payable	-	-	-	
Current portion of notes payable	<u></u> _	8,488.42	8,488.42	
Total Current Liabilities		8,488.42	8,488.42	
Non-Current Liabilities:				
Payable from restricted assets:				
Meter deposits payable	-	16,328.70	16,328.70	
Capital leases payable	-	-	-	
Notes payable	<u> </u>	79,028.61	79,028.61	
Total Non-Current Liabilities		95,357.31	95,357.31	
Total Liabilities		103,845.73	103,845.73	
NET POSITION				
Invested in capital assets, net of related debt	_	687,619.17	687,619.17	
Restricted for:		•	•	
Debt service	-	12,672.00	12,672.00	
Special purpose	41,101.81	203,617.17	244,718.98	
Unrestricted	68,045.00	91,218.54	159,263.54	
Total NET POSITION	\$ 109,146.81	\$ 995,126.88	\$ 1,104,273.69	

Town of Bluejacket, Oklahoma Statement of Activities – Modified Cash Basis June 30, 2022

		Program Revenues		N	et (Expense) R	lever	nue and Change	s in N	let Position			
		<u> </u>			1	Prim	ary Governmen	ıt				
Functions/Programs	Expenses	(Charges for Services	(Operating Grants and ontributions	Capital Grants and ontributions		overnmental Activities	E	Business-type Activities		Total
Primary Government:	•											
Governmental Activities:												
General Government	\$ 15,791.18	\$	1,347.86	\$	28,032.18	\$ -	\$	13,588.86			\$	13,588.86
Fire	18,235.46		5,435.00		17,545.08	-		4,744.62				4,744.62
Streets and Alley	5,499.68		-		-	-		(5,499.68)				(5,499.68)
Cemetery	4,407.49		2,220.00		4,374.00	-		2,186.51				2,186.51
Parks	3,931.37					 		(3,931.37)				(3,931.37)
Total Governmental Activities	47,865.18	_	9,002.86		49,951.26	 	_	11,088.94				11,088.94
Business-type activities:												
Water and Sewer	163,119.13		145,653.39			 203,668.44			\$	186,202.70		186,202.70
Total Business-Type Activities	163,119.13	_	145,653.39			 203,668.44		-	_	186,202.70		186,202.70
Total primary government	\$ 210,984.31	\$	154,656.25	\$	49,951.26	\$ 203,668.44		11,088.94	_	186,202.70		197,291.64
	General revenues:											
	Taxes											
	Sales taxes							23,848.66		-		23,848.66
	Franchise tax							11,825.70		-		11,825.70
	Cigarette tax							180.44		-		180.44
	Alcoholic beverag	ge tax						6,578.30		-		6,578.30
	Reimbursements re	stricted	for transportat	ion pu	rposes:							
	Motor vehicle tax							2,047.04		-		2,047.04
	Investment income							17.36		39.49		56.85
	Transfers								_			<u> </u>
	Total general reve	nues, s	pecial items, an	d trans	sfers			44,497.50		39.49	-	44,536.99
	Change in net po	sition						55,586.44		186,242.19		241,828.63
	Net position - begins	ning						53,560.37		808,884.69		862,445.06
	Net position - ending	g					\$	109,146.81	\$	995,126.88	\$	1,104,273.69

Town of Bluejacket, Oklahoma Balance Sheet – Modified Cash Basis Governmental Funds June 30, 2022

	General Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 68,045.00	\$ 25,536.50	\$ 13,555.31	\$ 107,136.81
Total ASSETS	\$ 68,045.00	\$ 25,536.50	\$ 13,555.31	\$ 107,136.81
FUND BALANCES				
Liabilities:				
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -
Total LIABILITIES				
Fund Balances:				
Assigned	\$ -	\$ 25,536.50	\$ 13,555.31	\$ 39,091.81
Unassigned	68,045.00			68,045.00
Total Fund Balances	68,045.00	25,536.50	13,555.31	107,136.81
Total FUND BALANCES	\$ 68,045.00	\$ 25,536.50	\$ 13,555.31	
Reconciliation to Statement of Net Position:				
Amounts reported for governmental activities in the sta	ntement of net posit	ion are different bec	cause:	
Capital assets used in governmental activities of \$113 are not reported in the funds, net of accumulated dep			, therefore,	2,010.00
Net position of governmental activities				\$ 109,146.81

Town of Bluejacket, Oklahoma Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis Governmental Funds June 30, 2022

	General Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 30,607.40	\$ -	\$ 2,047.04	\$ 32,654.44
Franchise fees	11,825.70	-	-	11,825.70
Dues	-	12,782.00	-	12,782.00
Donations	-	5,435.00	4,374.00	9,809.00
Grants and contracts	28,032.18	4,763.08	-	32,795.26
Lot Sales	-	-	2,220.00	2,220.00
Traffic fines	154.86	-	-	154.86
Miscellaneous	1,193.00	-	-	1,193.00
Interest	2.07	13.40	1.89	17.36
Total Revenues	71,815.21	22,993.48	8,642.93	103,451.62
Expenditures:				
General Government:				
Personal services	11,281.80	-	-	11,281.80
Maintenance and operation	4,509.38	-	-	4,509.38
Fire Department:				
Maintenance and operation	-	9,268.79	-	9,268.79
Streets and Alley:				
Maintenance and operation	5,499.68	-	-	5,499.68
Cemetery:				
Maintenance and operation	-	-	4,407.49	4,407.49
Parks:				
Maintenance and operation	3,931.37	-	-	3,931.37
Debt service		11,870.72		11,870.72
Total Expenditures	25,222.23	21,139.51	4,407.49	50,769.23
Excess (deficiency) of revenues over expenditures	46,592.98	1,853.97	4,235.44	52,682.39
Other Financing Sources (Uses): Transfer in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-		
Net change in fund balances	46,592.98	1,853.97	4,235.44	52,682.39
Fund balance - beginning	21,452.02	23,682.53	9,319.87	54,454.42
Fund balances - ending	\$ 68,045.00	\$ 25,536.50	\$ 13,555.31	\$ 107,136.81
-				(continued)

Town of Bluejacket, Oklahoma Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis Governmental Funds June 30, 2022

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 52,682.39
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation expense	 (8,540.00)
	 (8,540.00)
Repayment of capital leases payable is reported as an expenditure in governmental funds and,	
for the Town as a whole, the principal payments reduce the liabilities in the statement of	
net assets and do not result in an expense in the statemnt of activities.	
Principal payments made on capital leases	 11,444.05
Change in Net Position of Governmental Activities	\$ 55,586.44

Town of Bluejacket, Oklahoma Statement of Net Position – Modified Cash Basis Proprietary Funds June 30, 2022

	Public Works Sewer	Public Works Water	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,616.08	\$ 102,931.16	\$ 107,547.24
Total Current Assets	4,616.08	102,931.16	107,547.24
Noncurrent Assets:			
Restricted Assets:			
Cash and cash equivalents	12,672.00	203,617.17	216,289.17
Capital assets, net of accumulated depreciation	328,226.55	446,909.65	775,136.20
Total Noncurrent Assets	340,898.55	650,526.82	991,425.37
Total Assets	345,514.63	753,457.98	1,098,972.61
LIABILITIES			
Current Liabilities:			
Current portion of notes payable	8,488.42		8,488.42
Total Current Liabilities	8,488.42		8,488.42
Noncurrent Liabilities:			
Payable from restricted assets:			
Meter deposits	-	16,328.70	16,328.70
Notes payable	79,028.61		79,028.61
Total Noncurrent Liabilities	79,028.61	16,328.70	95,357.31
Total Liabilities	87,517.03	16,328.70	103,845.73
NET POSITION			
Invested in capital assets, net of related debt Restricted for:	240,709.52	446,909.65	687,619.17
Debt service	12,672.00	-	12,672.00
Capital improvements	<u>-</u>	203,617.17	203,617.17
Unrestricted	4,616.08	86,602.46	91,218.54
Total Net Position	\$ 257,997.60	<u>\$ 737,129.28</u>	\$ 995,126.88

Town of Bluejacket, Oklahoma Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis Proprietary Funds June 30, 2022

	Public Works Sewer	Public Works Water	Total
Operating Revenues:			
Charges for services	\$ 36,170.50	\$ 109,482.89	\$ 145,653.39
Total Operating Revenues	36,170.50	109,482.89	145,653.39
Operating Expenses:			
Chemicals	12,513.75	11,281.37	23,795.12
Contract labor	2,965.20	12,553.40	15,518.60
Depreciation	26,413.00	8,501.91	34,914.91
Insurance	500.00	1,429.00	1,929.00
Maintenance and operation	1,442.00	24,196.65	25,638.65
Payroll and taxes	-	16,793.40	16,793.40
Professional fees	1,842.15	4,920.12	6,762.27
Supplies	13.00	366.57	379.57
Testing and lab fees	3,175.00	435.00	3,610.00
Trash	-	16,656.00	16,656.00
Utilities	992.94	11,531.93	12,524.87
Total Operating Expenses	49,857.04	108,665.35	158,522.39
Operating Income (Loss)	(13,686.54)	817.54	(12,869.00)
Non-Operating Revenues (Expenses)			
Interest income	7.47	32.02	39.49
Grant revenues	-	203,668.44	203,668.44
Interest expense	(4,596.74)	-	(4,596.74)
Transfers in (out)	5,156.20	(5,156.20)	
Total Non-operating Revenue (Expenses)	566.93	198,544.26	199,111.19
Change in net position	(13,119.61)	199,361.80	186,242.19
Total net position - beginning	271,117.21	537,767.48	808,884.69
Total net position - ending	\$ 257,997.60	\$ 737,129.28	\$ 995,126.88

Town of Bluejacket, Oklahoma Statement of Cash Flows – Modified Cash Basis Proprietary Funds June 30, 2022

	Public Works Sewer	Public Works Sewer	Public Works Sewer
Cash Flows From Operating Activities			
Cash received for water, sewer, and sanitation	\$ 36,170.50	\$ 109,482.89	\$ 145,653.39
Cash received for other services	- (22 444.04)	- (02.270.04)	- (106.014.00)
Cash paid for operations	(23,444.04)	(83,370.04)	(106,814.08)
Cash paid for salaries and benefits	10.706.46	(16,793.40)	(16,793.40)
Net Cash Provided by Operating Activities	12,726.46	9,319.45	22,045.91
Cash Flows From Noncapital Financing Activities			
Grant revenues	-	203,668.44	203,668.44
Transfers	5,156.20	(5,156.20)	
Net Cash Used in Noncapital Financing Activities	5,156.20	198,512.24	203,668.44
Cash Flows From Capital and Related Financing Activities			
Purchases of water and sewer improvements	-	(171,616.19)	(171,616.19)
Principal paid on capital debt	(8,075.26)	-	(8,075.26)
Meter deposits received	-	900.00	900.00
Meter deposits returned	-	(705.80)	(705.80)
Interest payments on capital debt	(4,596.74)		(4,596.74)
Net Cash Used in Capital and Related Financing Activities	(12,672.00)	(171,421.99)	(184,093.99)
Cash Flows From Investing Activities			
Interest	7.47	32.02	39.49
Net Cash Provided by Investing Activities	7.47	32.02	39.49
Net decrease in cash and cash equivalents	5,218.13	36,441.72	41,659.85
Beginning cash and cash equivalents	12,069.95	270,106.61	282,176.56
Ending cash and cash equivalents	\$ 17,288.08	\$ 306,548.33	\$ 323,836.41
Reconciliation of net income to net cash provided (used) by operating activities:			
Operating Income (Loss)	\$ (13,686.54)	\$ 817.54	\$ (12,869.00)
Adjustments to reconcile net income to net cash			
provided (used) by operating activities:			
Depreciation	26,413.00	8,501.91	34,914.91
Net cash provided by (used in) operating activities	\$ 12,726.46	\$ 9,319.45	\$ 22,045.91
Reconciliation to Statement of Net Position - Modified Cash Basis			
Cash and cash equivalents	\$ 4,616.08	\$ 102,931.16	\$ 107,547.24
Cash and cash equivalents - Restricted	12,672.00	203,617.17	216,289.17
	\$ 17,288.08	\$ 306,548.33	\$ 323,836.41
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TOWN OF BLUEJACKET, OKLAHOMA NOTES TO BASIC FINANCIAL STATEMENTS INDEX

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** A. Financial Reporting Entity **Basis of Presentation** B. C. Measurement Focus and Basis of Accounting D. Assets, Liabilities and Equity E. Revenues, Expenditures and Expenses F. **Interfund Transfers** G. Use of Estimates NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY A. Fund Accounting Requirements В. Deposit and Investment Laws and Regulations C. Revenue Restrictions D. Debt Restrictions and Covenants E. Fund Equity Restrictions F. **Budgetary Accounting and Control** DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS **NOTE 3.** Cash and Investments A. B. Restricted Assets C. Capital Assets D. Long-Term Debt NOTE 4. **OTHER NOTES** A. Risk Management B. Proprietary Fund Rates and Charges C. Subsequent Events

Note 1. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town of Bluejacket, Oklahoma's ("Town") financial statements.

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurements and recognition criteria of the modified cash basis of accounting.

1.A. Financial Reporting Entity

The Town's financial reporting entity is comprised of the following:

Primary Government:
Blended Component Unit:

Town of Bluejacket, Oklahoma Bluejacket Public Works Authority

Reporting

Enterprise Fund

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units of which the Town appointed a voting majority of the units' board and the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's fund is blended into those of the Town's by appropriate activity type to comprise the primary government presentation.

Blended Component Units

Component units that are blended into the reporting activity types of the Town's reports are presented below:

Component Unit	
Bluejacket Public Works Authority	7

Brief Description/Inclusive Criteria Created to finance, develop, and operate the utilities services activities. The current Town Council serves as the governing body (Trustees). Any issuance of debt would require a two-thirds approval of the Town Council.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. As of June 30, 2022 the Town had no discretely component units to report.

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position - modified cash basis and statement of activities - modified cash basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town, and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental, or enterprise, fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund, or enterprise fund, are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town, and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes, or designated to finance particular functions, or activities, of the Town.

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities, provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement, similar to the private sector. The reporting entity includes the following enterprise fund:

Fund Brief Description

Bluejacket Public Works Accounts for the activities of the public trust in providing utility services to the public.

Authority

Major and Non-Major Funds

Major: General Fund

Special Revenue Fund:

Fire Department Fund Accounts for revenues and expenses to

maintain the Town's fire department.

Proprietary Fund:

Bluejacket Public Works Authority Accounts for activities of the public trust in

providing utility services to the public.

Non-Major: Street and Alley Fund Accounts for revenues and expenses to

maintain the Town's streets and alley ways.

Cemetery Fund Accounts for revenues and expenses of the

Town cemetery

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net position – modified cash basis and the statement of activities – modified cash basis, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

Note 1. Summary of Significant Accounting Policies: continued

1.C. Measurement Focus and Basis of Accounting: continued

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used, as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, and liabilities, are generally included on their balance sheets. Their operating statements present sources, and uses, of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.
- c. Agency funds are not involved in the measurement of results or operations; therefore, measurement focus is not applied to them.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets, cash transactions or events that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction, or event, are not reported, and the measurement of reported assets, and liabilities, does not involve adjustments to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

1.D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of the statement of net position – modified cash basis, "cash, including time deposits" includes all demand, savings accounts and certificates of deposit of the Town. For the purposes of the proprietary fund statement of cash flows – modified cash basis, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit, or short-term investments, with an original maturity of three months or less.

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity: continued

Capital Assets

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions, or events, and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations, or proprietary fund and similar discretely presented component unit operations, and whether they are reported in the government-wide, or fund, financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the statement of net position – modified cash basis. All capital assets are valued at historical cost, or estimated historical cost, if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions, or events, is recorded as an allocated expense in the statement of activities – modified cash basis, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives, using the straight-line method of depreciation.

The range of estimated useful lives, by type of asset, is as follows:

Asset Class	Estimated Useful Lives
Buildings	30 to 40 years
Improvements	15 to 20 years
Machinery and Equipment	3 to 20 years
Infrastructure	15 to 40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions, or events, acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund, upon acquisition. Capital assets acquired for use in proprietary fund operations are the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the promissory notes with the United States Department of Agriculture Rural Development require that funds be held in a reserve account. Under the terms and provisions of the promissory notes, these funds are maintained with the Trustee bank, and are not subject to lien, or attachment, by any other creditors. These funds are to be maintained so long as the notes are outstanding. Also included in restricted assets are funds on deposit representing utility customer meter deposits, which are refundable to the customer.

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity: continued

Long-Term Debt

All long-term bonds, notes, and other debt arising from cash transactions, or events, to be repaid from governmental, and business-type, resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions, or events, of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in government-wide statements.

Equity Classification

Government-Wide Statements:

Equity is classified as net position, and displayed in three components:

- a. Invested in capital assets, net of related debt Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable amounts that cannot be spent because they are either not in a spendable form, (such as inventories and prepaid amounts) or are legally, or contractually, required to be maintained intact.
- b. Restricted amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- c. Committed amounts that can be spent only for specific purposes determined by a formal action of government's highest level of decision-making authority.
- d. Assigned amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- e. Unassigned amounts that are available for any purpose; these amounts can be reported only in the Town's General Fund.

Note 1. Summary of Significant Accounting Policies: continued

1.E. Revenues, Expenditures and Expenses

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town limits. The sales tax is collected by the Oklahoma Tax Commission, and remitted to the Town in the month following receipt by the Oklahoma Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in June and July (which represent sales for May and June) are received by the Town in July and August.

Operating Revenues and Expenses

Operating revenues, and expenses, for proprietary funds are those that result from providing services, and producing and delivering goods and/or services. It also includes all revenue and expense not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis, and are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by activity)

Capital Outlay Debt Service

Proprietary Fund – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

1.F. Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

1.G. Use of Estimates

The preparation of the financial statements, in accordance with the modified cash basis, requires management to make estimates, and assumptions, that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws, and contractual regulations. An analysis of the Town's compliance with significant laws, regulations, grants, and contracts, and demonstration of its stewardship over Town resources follows:

2.A. Fund Accounting Requirements

The Town complies, in all material respects, with state and local laws, and regulations, requiring the use of separate funds. The legally required funds used by the Town include the following:

Fund Public Works Authority Fund Required By Trust Indenture

2.B. Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral, valued at the lower of market or par. Acceptable collateral includes certain U.S. Government, or Government Agency, securities, certain State of Oklahoma or political subdivision debt obligations, or surety bond. As required by 12 U.S.C. A., Section 1823 (e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized for the fiscal year ended June 30, 2022.

Investments of the Town (excluding Public Trusts) are limited by state law to the following:

- 1. Direct obligations of the U.S. Government, its agencies, or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
- 2. Certificates of deposit or savings accounts that are either insured, or secured with acceptable collateral, within-state financial institutions, and fully insured certificates of deposit, or savings accounts, in out-of-state financial institutions;
- 3. With certain limitations, negotiable certificates of deposit, prime bankers' acceptance, prime commercial paper, and repurchase agreements with certain limitations;
- 4. County, municipal, or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district:
- 5. Notes or bonds secured by mortgage, or trust deed, insured by the Federal Housing Administrator, and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations;
- 6. Money market funds regulated by the SEC, and in which investments consist of the investments mentioned in the previous paragraphs 1., 2., 3., and 4.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations, and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2022, the Town and its public trusts complied, in all material respects, with these investment restrictions.

Note 2. Stewardship, Compliance and Accountability: continued

2.C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state, or local, requirements. The primary restricted revenue sources include:

Revenue SourceLegal Restriction of UseSpecial Sales TaxFire Department PurposesGasoline Excise TaxStreet and Alley PurposesCommercial Vehicle TaxStreet and Alley PurposesUtility RevenueDebt Service and Utility Operations

For the year ended June 30, 2022, the Town complied, in all material respects, with those revenue restrictions.

2.D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27, of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility, or non-street, purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2022, the Town had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2022, the Town incurred no such indebtedness.

Bonds and Notes Payable

The various loan agreements relating to the notes payable issuances of Bluejacket Public Works Authority contain some financial restrictions, or covenants. These include covenants such as the required reserve account balances. The following schedule presents a brief summary of the most significant requirements, and the Authority's level of compliance thereon, as of June 30, 2022.

Requirements
Reserve Account Requirements
(USDA-RD Loan Agreements)
Account balance should be equal to \$12,672.00
or 12 months of debt service payments.

Level of Compliance

Full Compliance

2.E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute, in all material respects, for the year ended June 30, 2022.

Note 2. Stewardship, Compliance and Accountability: continued

2.F. Budgetary Accounting and Control

The Town operates under the Oklahoma Estimates of Needs (Title 68) budget law. A budget is legally adopted by the Board of Trustees for the General Fund of the Town. The budget should be prepared using the cash basis, and budget laws, of the State of Oklahoma. The financial statements are prepared using the modified cash basis of accounting, which differs from generally accepted accounting principles in the United States of America. If presented, there would be timing differences related to encumbrances between the financial statement presentation and the budget, that are reconciled. Once filed, the Board of Trustees can legally amend the budget once it has been approved by filing a supplemental appropriation with the state auditor and inspector, and town clerk. Budget transfers between funds would have to be approved by the Board of Trustees. There were no supplemental appropriations made during the fiscal year. All appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is the fund level for each legally adopted financial operating budget.

Note 3. Detail Notes – Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. Cash and Investments

Authorized Investments

State statutes govern the Town's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit or savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Town invests entirely in certificates of deposit.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the Town's investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3.B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held by the Ottawa County Treasure for the Fire Department, cash held in trust on behalf of the Bluejacket Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

Note 3. Detail Notes - Transaction Classes/Accounts: continued

3.B. Restricted Assets: continued

The restricted assets, as of June 30, 2022, are as follows:

Governmental Activites:		
Fire Department Fund	\$	27,546.50
Street and Alley Fund		2,943.10
Cemetery Fund		10,612.21
	<u>\$</u>	41,101.81
Business-type Activities:		
7.1	_	
Loan reserves	\$	12,672.00
Capital improvements		203,617.17
	\$	216,289.17

3.C. Capital Assets

Capital asset activity, for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	
Governmental Activities:					
Depreciable assets					
Machinery and equipment	\$ 113,844.55	\$ -	\$ -	\$ 113,844.55	
Total capital assets being depreciated	113,844.55			113,844.55	
Less: accumulated depreciation for					
Machinery and equipment	103,294.55	8,540.00		111,834.55	
Total accumulated depreciation	103,294.55	8,540.00		111,834.55	
Governmental activities capital assets, net	\$ 10,550.00	\$ (8,540.00)	\$ -	\$ 2,010.00	

Depreciation expense was charged to governmental activities as follows:

Fire	\$ 8,540.00
Total depreciation expense	\$ 8,540.00

Note 3. Detail Notes - Transaction Classes/Accounts: continued

3.C. Capital Assets: continued

	Balance			Balance	
	July 1, 2021	Additions	Deletions	June 30, 2022	
Depreciable assets					
Buildings	\$ 58,940.00	\$ -	\$ -	\$ 58,940.00	
Water system	477,250.13	171,616.19	-	648,866.32	
Sewer system	1,056,548.55	-	-	1,056,548.55	
Machinery and equipment	11,144.64			11,144.64	
Total capital assets being depreciated	1,603,883.32	171,616.19		1,775,499.51	
Less: accumulated depreciation for					
Buildings	36,448.00	1,473.00	-	37,921.00	
Water system	215,946.76	7,028.91	-	222,975.67	
Sewer system	701,909.00	26,413.00	-	728,322.00	
Machinery and equipment	11,144.64	<u> </u>		11,144.64	
Total accumulated depreciation	965,448.40	34,914.91		1,000,363.31	
Business-Type activities capital assets, net	\$ 638,434.92	\$ 136,701.28	<u>\$</u> -	\$ 775,136.20	

3.D. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from business-type activities and amounts to repaid from component units.

Governmental Activities

The Town entered into a capital equipment lease agreement on October 1, 2017 with Welch State Bank for 10 sets of Firedex Custom FXR Bunker Gear and a 4,000 gallon water tank for a fire truck in the amount of \$40,200.00. Monthly payments of \$733.85 began on November 11, 2017 and includes interest of 3.63%. The final lease payment is due on October 11, 2022.

During the year ended June 30, 2022 the Town paid this lease in full.

Note 3. Detail Notes - Transaction Classes/Accounts: continued

3.D. Long-Term Debt: continued

Business-Type Activities

As of June 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

Rural Development Note Payable 92-03

A note payable (92-03), due in 40 years to USDA Rural Development, in the principal amount of \$215,000.00, was issued on March 19, 1991. The note bears interest at 5.00%, with monthly installments of \$1,056.00. The note is secured by the land, building, all rights and titles associated with the water and sewer system. The note matures as follows:

Year Ending June 30	Principal Interest T			Total	
2022	\$ 8,488.42	\$	4,183.58	\$	12,672.00
2023	8,912.56		3,759.44		12,672.00
2024	9,378.69		3,293.31		12,672.00
2025	9,858.52		2,813.48		12,672.00
2026	10,362.91		2,309.09		12,672.00
2027 - 2030	 40,515.93		3,730.47		44,246.40
	\$ 87,517.03	\$	20,089.37	\$	107,606.40

Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2022:

		Amount				Amount
	C	Outstanding			O	utstanding
	J	uly 1, 2021	Issued	Retired	Jui	ne 30, 2022
Governmental Activites: Leases Payable	\$	11,444.05	\$ -	\$ 11,444.05	\$	-
Business-Type Activites: USDA-RD Notes Payable		95,592.29	 -	 8,075.26		87,517.03
	\$	107,036.34	\$ 	\$ 19,519.31	\$	87,517.03

Note 4. Other Information

4.A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

4.B. Proprietary Fund Rates and Charges

Water Rates and Charges	
Minimum monthly charge on first 1,000 gallons	\$ 25.00
Price per thousand gallons for next 5,000 gallons	6.00
Price per thousand gallons for next 5,000 gallons	7.00
Price per thousand gallons for next 10,000 gallons	7.50
Price per thousand gallons on gallons over 30,000	8.00
Sewer Rates and Charges	
Minimum monthly charge on first 30,000 gallons	\$ 25.50
Price per thousand gallons on gallons over 30,000	168.00
Meter Deposits	
Home Owners	\$ 100.00
Renters	\$ 300.00

4.C. Subsequent Events

Subsequent events were evaluated through May 18, 2023, the date that the financial statements were available to be issued.



Town of Bluejacket, Oklahoma Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance – Budget and Actual Regulatory Basis – General Fund For the Year Ended June 30, 2022

				Budget	Variance	
	Budgeted Amounts			Original to	Final to	
	Original	Final	Actual	Final	Actual	
Revenues:				•		
Taxes	\$ 32,000.00	\$ 32,000.00	\$ 42,433.10	\$ -	\$ 10,433.10	
Traffice fines	500.00	500.00	154.86	-	(345.14)	
Grant income	1,000.00	1,000.00	28,032.18	-	27,032.18	
Miscellaneous	500.00	500.00	1,193.00	-	693.00	
Interest	25.00	25.00	2.07	-	(22.93)	
Total Revenues Collected	34,025.00	34,025.00	71,815.21		37,790.21	
Expenditures:						
General Government:						
Personal services	14,000.00	14,000.00	11,281.80	-	2,718.20	
Maintenance and operations	14,000.00	14,000.00	4,509.38	-	9,490.62	
Operating grant expenditures	1,000.00	1,000.00	-	-	1,000.00	
Emergency Maintenance:						
Maintenance and operations	1,000.00	1,000.00	-	-	1,000.00	
Park:						
Maintenance and operations	3,025.00	3,025.00	3,931.37	-	(906.37)	
Street and Alley:						
Maintenance and operations	-	-	5,499.68	-	(5,499.68)	
Public Safety:						
Traffic fine expense	-	-	-	-	-	
Capital outlay	1,000.00	1,000.00			1,000.00	
Total Expenditures Paid	34,025.00	34,025.00	25,222.23		8,802.77	
Excess (Deficit)	-	-	46,592.98	-	46,592.98	
Cash fund balance, beginning of year	21,452.02	21,452.02	21,452.02			
Cash fund balance, end of year	\$ 21,452.02	\$ 21,452.02	\$ 68,045.00	\$ -	\$ 46,592.98	

Town of Bluejacket, Oklahoma Schedule of State Financial Assistance June 30, 2022

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Collected	Total Expenditures
Federal Awards:				
U.S. DEPARTMENT OF THE TREASURY Pass-through State of Oklahoma Oklahoma Office of Management and Enterprise Services Coronavirus Relief Fund - COVID	21.019	\$ 28,032.18	\$ 28,032.18	\$ -
State of Oklahoma Programs: Oklahoma Department of Agriculture, Food and Forestry	n/a	4,763.08	4,763.08	4,763.08
Passed through the Oklahoma Water Resources Board Rural Economic Action Plan (REAP) FAP-19-0049-R	n/a	99,999.00		89,624.66
Total Expenditures of Federal and State Awards		\$ 132,794.26	\$ 32,795.26	\$ 94,387.74





INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Town Council Town of Bluejacket, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Bluejacket, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bluejacket, Oklahoma's basic financial statements, and have issued our report thereon dated May 18, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Bluejacket, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Bluejacket, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Bluejacket, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bluejacket, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Mayor and Town Council Town of Bluejacket, Oklahoma Page 2

Town of Bluejacket, Oklahoma's Response to Findings

Town of Bluejacket, Oklahoma's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Bluejacket, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

OBER & LITTLEFIELD, CPAS, PLLC

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Miami, Oklahoma May 18, 2023

Town of Bluejacket, Oklahoma Schedule of Findings and Response For the Year Ended June 30, 2022

2022-1 Governing Budget Activities

Criteria: The Town should have a sufficient and properly designed internal control structure. This structure relies greatly on a proper segregation of duties between individuals. Duties relating to initiating, authorizing, recording, processing and reporting financial data should be segregated to provide a less than remote likelihood that a misstatement of the Town's financial statements, which is more than inconsequential, would be prevented or detected in a timely manner.

Condition: The Town has one administrative employee and as a result does not have the personnel to assign duties and responsibilities in such a way which would segregate the duties as mentioned above. The limited number of employees results in an inadequate overall internal control structure. This employee does not have the qualifications for review of the audited financial statements to ensure accuracy. Specific areas affected are described below:

Cash and cash transactions – Only on individual, the Town Clerk, controls the initiating, recording, processing and reporting of cash transactions.

Revenues and receivables - The Town Clerk has sole control over the processing of revenues and receivables.

Expenditures/Expenses and accounts payable – The Town Clerk controls the recording, processing and reporting of expenditures/expenses.

Cause: Due to cost restrictions, the Town has limited staff. Resources are not currently available for additional employees for the appropriate segregation of duties.

Effect: The lack of segregation of duties related to controls as stated above are significant deficiencies that could result in the likelihood that a material misstatement of the financial statements may occur and not be prevented or detected in timely manner.

Recommendation: As the Town has limited resources available, at the current time, additional segregation of duties is not financially feasible. The Town should review its procedures and controls to determine additional controls which can be implemented in order to achieve the control objectives related to the segregation of duties. The cost effectiveness of these actions should be considered in the implementation of additional controls.

Town Response: The Town has reviewed and discussed the responsibilities over internal controls. As a result of this review, the Town has considered the cost effectiveness of additional segregation of duties for compliance of the application of generally accepted accounting principles. Due to the limitations of resources available at the current time, is has been determined that it is not feasible to increase the segregation of duties.